

***The Planning and Conservation League
926 J Street, #612
Sacramento, CA 95814***

February 7, 2002

David Freeman, Chairman and CEO
California Consumer Power and Conservation
Authority
901 P Street, Suite 142A
Sacramento, CA 95814

Dear Chairman Freeman:

The Planning and Conservation League has reviewed the draft of the Power Authority's Energy Resource Investment Plan, and submits the following comments.

First, PCL strongly supports the underlying goal of the plan, which is to supply the vast majority of California's future unmet electricity needs through a combination of improved efficiency, conservation, and renewable energy technologies. PCL has long advocated for a shift in focus in California energy policy away from dependence on fossil-fueled generation and toward a more decentralized energy infrastructure that emphasizes demand management and the use of non-polluting renewable fuels.

The draft ERIP correctly points out that there are serious deficiencies in the current structure of the electricity market in California, including a over-dependence on gas-fired generation and a lack of diversity in our energy portfolio, the inability of consumers to use their purchasing power to choose and support green energy, and the lack of appropriate signals and mechanisms to maintain a permanent energy conservation culture. The state's energy policy development also suffers from a lack of coordination and integration among the many state agencies that now have responsibility for our energy system, as well as the lack of an overall vision for a state energy policy in the 21st century, beyond the now-discredited notion that the market will take care of our needs.

We believe that the CPA is uniquely positioned to take a leadership role in both crafting that vision as well as implementing programs that will begin to move our state in the direction of a decentralized, affordable, secure, and non-polluting energy future. It is important for the CPA to highlight, even more forcefully that is done in the draft report, how its approach will provide a major economic boost to the state through the promotion of the renewable technology and efficiency

industries. The final report should also place more emphasis on the enormous potential for greenhouse gas emissions reductions, and the importance of an energy system that protects public health and promotes justice among all members of our society and throughout all communities.

In the near-term, as the CPA begins implementing its plan, it must address more fully how it will integrate its work with that of other state agencies. For example, if the California Energy Commission moves forward with its plan to license an additional 11,000 megawatts of new gas-fired generation in the state, the renewables industry will continue to be shut out of the California energy market. If the CPA uses its financing capabilities to help the Department of Water Resources renegotiate long-term contracts, then the CPA should use that leverage to ensure that the older, dirtier power plants in the state are shut down as the new plants come on line.

The state is currently considering spending tens of billions of dollars of public funds on infrastructure projects such as new schools and affordable housing. The CPA should be actively involved in the decision-making process so that no major building programs are undertaken in California without a commitment to the providing the highest levels possible of efficiency, conservation and renewable technology use. In order for the CPA's plan to succeed, we must find a way to incorporate the mantra of "conservation, efficiency, renewables" throughout state government, as well as in the private sector. This will be the CPA's most challenging task.

The Planning and Conservation Leagues applauds the commitment of the CPA to a cleaner, healthier, more just and more secure energy future for the people of California. We look forward to working closely with you to make the goals you have set out in the ERIP a reality.

Sincerely,

Sandra Spelliscy
General Counsel